

Attorney Docket No.: 74577-024

PATENT
Application No. 09/891,945**REMARKS**

This Amendment responds to the Office Action of June 16, 2005.

Claims 1-19 remain in this application. Claims 1 and 19 been amended. Claims 1 and 19 are the only independent claims.

In the Office Action, claims 1-19 were rejected under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,021,397 (Jones et al.). As shown above, Applicant has amended independent claims 1 and 19 in terms which more clearly define the present invention. Applicant respectfully submits that the amended independent claims are patentably distinct from the cited prior art for the following reasons.

The present invention as defined in the amended independent claims has been clarified to emphasize that the allocation of a number of the same financial instruments (e.g., shares of company X) in a trade of a specified size is among *different* portfolios that are concurrently available for holding one or more of these financial instruments. An example of the use of the method of claim 1 would then correspond to the following scenario.

Example

Suppose that an investor is managing three concurrently available portfolios A, B and C, each with its own purpose (e.g., long term or short term growth). Suppose that all three portfolios are set up to have an associated risk permitting them to own one or more shares of a certain stock if such shares became available. Suppose also that the investor

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has set up a target ratio (for allocating purchased shares) for the portfolios A, B and C as 3:2:1.

Now suppose that 600 shares of this stock become available for purchase. The trade can only buy 600 shares, but as a result there are not enough shares for each of the A, B and C portfolios to get its desired 500 shares. The method of claim 1 recognizes that these shares are in an appropriate risk class for each of A, B and C, and therefore allocates the 600 shares of the trade based on the target ratio of 3:2:1, i.e., A gets 300 shares, B gets 200 shares and C gets 100 shares.

As shown above, claim 1 has been amended to clarify this operation. Thus, amended claim 1 recites a computer-implemented method of allocating a trade of a number of the *same* financial instruments among a plurality of *different, concurrently available portfolios*. The method comprises the steps of receiving, at an allocating management system from an order management system, a message descriptive of a trade of a *number of the same financial instruments*, the message comprising a financial instrument identifier and a size of the trade, determining a risk class associated with the identified financial instrument, and determining a first plurality of portfolios associated with the risk class and a target ratio for each of the portfolios, wherein each of the first plurality of portfolios is different from the others of the first plurality of portfolios and is *concurrently available for holding one or more of the financial instruments*.

The method further comprises the step of allocating the trade of the number of financial instruments among each of the first plurality of portfolios based on the target

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ratio associated with each of the portfolios, such that each of the first plurality of portfolios is allocated a portion of the number of the financial instruments based on the target ratio, wherein at least one of the steps is performed by a computer.

Support for amended claim 1 may be found in the specification at, for example, page 1, lines 6-10, page 10, lines 14-27 and the Table on page 11

Independent claim 19 is a system claim corresponding to method claim 1, and has been amended in the same way.

With the clarification given above, Applicant respectfully submits that the cited reference to Jones neither teaches nor suggest the present invention as defined in amended claims 1 and 19.

Thus, as understood by Applicant, Jones et al. is directed to a financial advisory system wherein, for one particular user, a number of possible portfolios are possible, but only an optimum portfolio is selected based on that user's situation. The allocation involved in Jones et al. is the allocation of different *investments* within that single user's portfolio, for example, 100 shares of security X and 200 shares of security Y, rather than, say, 200 shares of each. It appears that the Examiner may have been reading the allocation of financial instruments to different portfolios as recited in Applicant's prior claims 1 and 19 on Jones et al.'s calculation of different possible portfolios for this single user before selecting the optimum portfolio. Regardless of whether prior claims 1 and 19 read on such a possible reading of Jones et al., it is now clear, based on the above-

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discussed amendments to claims 1 and 19, that the amended claims are not anticipated by Jones et al.

Applicant further points out that amended claims 1 and 19 recite the allocation of a *trade* of financial instruments, i.e., an allocation based on one particular transaction. It is respectfully submitted that the different possible portfolios of Jones et al. are not the allocation of any transaction at all, but rather are theoretical allocations of different securities to form the basis of a calculation as to whether a particular possible portfolio is optimum.

Applicant further submits that Jones et al. fails to render amended claims 1 and 19 obvious. Jones et al. clearly is directed towards generating the optimum portfolio for a particular investor, based on his highly specific situation and needs. See, e.g., col. 5, line 52-col. 12; col. 12, lines 15-17. There would have been no reason to even consider extending Jones et al. to provides a single allocation extending over plural *different* portfolios. Moreover, it is unclear how Jones et al. could be so extended or what the result would be, and in any event there is no reason to think that the result would correspond to the *method or system* of amended claims 1 and 19.

In light of the foregoing amendments and remarks, Applicant respectfully submits that amended claims 1 and 19, together with the remaining claims 2-18 ultimately dependent from claim 1, are patentably distinct from the prior art of record.

Applicant respectfully submits that the application is now in proper form for allowance of all claims, and earnestly solicits a notice to that effect.

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Respectfully submitted,

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